

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

-----X  
In re:

Chapter 11

1234 Pacific Management LLC,

Case No. 119-40026-(NHL)

Debtor.  
-----X

Hon. Nancy Hershey Lord

**DEBTOR’S SECOND SUPPLEMENT CLARIFYING CHAPTER 11 PLAN OF  
REORGANIZATION AND DISCLOSURE STATEMENT<sup>1</sup>**

1234 Pacific Management LLC (the “Debtor”) hereby submits the following second supplemental and clarifying amendments to the Chapter 11 Plan of Reorganization (ECF #83) (the “Plan”) and the Disclosure Statement (ECF #84) (the “Disclosure Statement”), and states as follows:

**WHEREAS**, since the filing of the Plan, the Debtor has made steady progress towards obtaining a refinancing for the Property from a third party lender in order to consummate the global settlement previously approved by the Court reference below, which is incorporated in the Plan; and

**WHEREAS**, to this end, the Debtor has obtained the attached term sheet (the “Term Sheet”) from Axos Bank (“Axos”) which provides proposed exit financing in the principal amount of \$5.0 million; and

**WHEREAS**, in conjunction with the Refinancing, Axos is requiring that the Debtor simultaneously transfer the Property to a newly created affiliated bankruptcy remote entity (as the Debtor’s designee) known as Pacific 1234 LLC (the “New Pacific Entity”). The New Pacific Entity shall be the named borrower under the Refinancing, the proceeds of which shall be used to fund the

---

<sup>1</sup> All capitalized terms not otherwise defined herein have the same meaning as in the Plan and Disclosure Statement.

Plan, as may be augmented by the Debtor. A copy of the Axos Term Sheet is annexed hereto as Exhibit and contains the following key financial terms:

- a. Loan amount: \$5 million
- b. Initial interest rate: 4.9% which adjusts after five years
- c. Term: 30 years

**WHEREAS**, in view of the intended Refinancing, the Plan is further supplemented by the following:

1. For purposes of Section 5.2 of the Plan, the Debtor is hereby designating Axos as the lender for the Refinancing as defined in the Plan to provide a mortgage loan in the sum of \$5.0 million, consistent with the Term Sheet, pursuant to 11 U.S.C. §364.

2. The Refinancing shall be utilized by the Debtor, in part, to consummate and pay the settlement made with the First Mortgagee and the judgment creditors, as approved by the Court on May 1, 2020 (ECF #82) (the "Settlement"). The Debtor initially contemplated obtaining a refinancing for \$5.5 million, but due to market conditions in light of the Covid-19 pandemic, the Debtor has currently received a commitment for the lesser amount of \$5.0 million. Accordingly, the Debtor and its principals will be required contribute additional funds, in conjunction with efforts to obtain certain accommodations from the First Mortgagee.

3. The monies required to consummate the Plan are itemize as follows: (i) payment of projected professional fees of \$100,000; (ii) payment of \$4,891,666.67 to the First Mortgagee (potentially subject to negotiations regarding certain accommodations relating to a reduction in the payment amount); (iii) payment of the Settlement made with Gloria Malcolm in the

sum of \$441,666.67; (iv) payment of the Settlement made with Orlaine Edwards in the sum of \$29,272.00; and (v) establishment of the General Creditor Fund of \$25,000.

4. Article V of the Plan is amended to add a new paragraph 5.8 relating to the transfer of the Property to the New Pacific Entity in conjunction with the Refinancing, providing as follows:

In conjunction with the Closing of the refinancing with Axos, the Debtor shall assign, transfer, grant, and convey the Property to the New Pacific Entity free and clear of all claims, liens, taxes and other interests pursuant to 11 U.S.C Sections 363(b) and (f) and 1123(a)(5)(D) and 1123(b)(5) except that the New Pacific Entity shall (i) assume the liens granted to Axos in accordance with the Plan and (ii) assume or enter into the Axos loan facility and execute all related mortgages and loan documents required by Axos and as contemplated by the Plan.

5. The Transfer Tax Exemptions provided in Article V(c) of the Plan are clarified to include the transfer of the Property to the New Pacific Entity and to the issuance, funding and recording of the \$5,000,000 Axos mortgage lien.

6. All adjustments under the Settlement regarding real estate taxes and other items shall continue as provided in the Plan.

Dated: New York, NY  
July 23, 2020

Goldberg Weprin Finkel Goldstein LLP  
Attorneys for the Debtor  
1501 Broadway, 22<sup>nd</sup> Floor  
New York, NY 10036  
(212) 221-5700

By: /s/ Kevin J. Nash, Esq.